

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PURCHASED GAS ADJUSTMENT)	
FILING OF ELAM UTILITY)	CASE NO. 9845-A
COMPANY)	

O R D E R

On July 30, 1987, the Commission issued its Order in Case No. 9845 approving certain adjustments in rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased or a refund is received.

On July 6, 1988, Elam Utility Company ("Elam") notified the Commission that its wholesale cost of gas had been decreased due to a change of supplier from EnTrade Corporation ("EnTrade") to Manufacturers Fuel Company ("MFC") and submitted with its notice certain information in compliance with its purchased gas adjustment clause on file with this Commission.

After reviewing the record in this case and being advised, the Commission is of the opinion and finds that:

(1) Elam's notice of July 6, 1988 set out certain revisions in rates which Elam proposed to place into effect, said rates being designed to pass on the wholesale decrease in price from its supplier in the amount of \$8,665 or 21 cents per Mcf.

(2) In response to a Commission Order in this case, Elam submitted receipts showing its cost of gas from MFC and from EnTrade as well as the transportation charges from its former transporter, Columbia Gas Transmission Corporation ("Transmission") for the 12 months ended June 1988.

(3) Elam's application proposed no effective date. The effective date of the proposed rates should be August 1, 1988 because they contain a provision for the collection of take-or-pay charges effective August 1, 1988. The receipts supplied by Elam, however, showed that the decrease from MFC became effective October 1, 1987. Elam should file a refund plan with this Commission to return to its customers the overcollections owed as a result of Elam's failure to lower its rates.

(4) Elam's response to the Commission's request for information shows that in some months Elam purchases some small amounts of gas from Transmission. Because these purchases are comparatively small and seasonal and because Transmission effects rate changes frequently Elam requested permission to make a filing in April to adjust for the cost of gas from Transmission. This appears reasonable and should be allowed.

(5) Elam's adjustment in rates under the purchased gas adjustment provisions approved by the Commission in its Order in Case No. 9845 dated July 30, 1987 is fair, just, and reasonable and in the public interest and should be effective with gas supplied on and after August 1, 1988.

(6) Elam should report to this Commission the amount of excess revenues collected from August 1, 1988 to the date the proposed rates are implemented, along with a plan to refund the over-collections to its customers.

(7) Elam should continue the refund implemented under Order 9375-P, The Notice of Purchased Gas Adjustment Filing of Elam Utility Company, until all overcollections are returned to its customers.

IT IS THEREFORE ORDERED that:

(1) The rates in the Appendix to this Order be and they hereby are authorized effective with gas supplied on and after August 1, 1988.

(2) Within 30 days of the date of this Order Elam shall file with this Commission its revised tariffs setting out the rates authorized herein.

(3) Within 30 days of the date of this Order Elam shall file with this Commission the amount of excess revenues collected from its customers, along with a refund plan, including the over-collections for the months of October 1987 to the month this Order is issued.

(4) In April 1989, Elam shall file with this Commission to adjust its rates to reflect the cost of gas from Transmission.

(5) Elam shall continue its present refund plan until all overcollections are returned to its customers.

Done at Frankfort, Kentucky, this 15th day of September, 1988.

PUBLIC SERVICE COMMISSION


Chairman


Vice Chairman


Commissioner

ATTEST:

Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE COMMISSION IN CASE NO. 9845-A DATED 9/15/88

The following rates and charges are prescribed for the customers served by Elam Utility Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

RATES: Monthly

RESIDENTIAL & COMMERCIAL

Customer Charge	\$ 4.10
First 11 Mcf	6.46 per Mcf
Over 11 Mcf	7.46 per Mcf

INDUSTRIAL

Customer Charge	\$ 5.15
All Mcf	6.46 per Mcf

The base rates for the future application of the purchased gas adjustment clause of Elam Utility Company shall be:

	<u>Minimum Bill/ Take or Pay</u>	<u>Commodity</u>
Columbia Gas Transmission Corporation	\$.3578	-
Capitol Oil and Gas Manufacturers Fuel Company		\$3.9090 per Mcf 2.36 per Dth